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C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 001011

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SUBJECT: CTV TO WAGE ILO CREDENTIAL FIGHT/PDVSA BEGINS  
COLLECTIVE BARGAINING NEGOTIATIONS

REF: A. CARACAS 000699  
[1](#)B. CARACAS 000861  
[1](#)C. CARACAS 000968  
[1](#)D. CARACAS 000988

Classified By: POLITICAL COUNSELOR ROBERT DOWNES,  
REASON 1.4 (D)

[1](#)1. (C) Summary. The opposition-linked Confederation of Venezuelan Workers (CTV) plans to contest the seating of leaders of the pro-government National Workers Union (UNT) at the May 30-June 15 International Labor Conference in Geneva. CTV Secretary General Manuel Cova, in his capacity as an international union delegate, will also raise serious concerns about President Chavez' attacks on union autonomy. Collective bargaining between the state oil company PDVSA and oil workers is beginning five months after the workers' previous contract expired. The BRV appears to have successfully coerced three pro-Chavez oil worker unions to merge and should be in a position to virtually impose the terms of an agreement. The Bolivarian Republic of Venezuela (BRV) is increasingly demanding that workers accept less and give more on behalf of President Chavez' "socialist revolution." End Summary.

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Pro-Chavez Unions To Geneva  
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[1](#)2. (SBU) The BRV pulled the plug on the participation of the opposition Confederation of Venezuelan Workers (CTV) at the upcoming May 30-June 15 International Labor Conference in Geneva. Just as CTV Secretary General Manuel Cova had feared (Ref A), the BRV reneged on a January 25 agreement signed by representatives of the Ministry of Popular Power for Labor, representatives of the CTV, as well as the pro-government National Workers Union (UNT) ratifying a prior agreement that rotated representation among opposition and pro-government labor confederations. According to that rotation, the CTV was supposed to designate the workers' representatives on Venezuela's delegation to this year's International Labor Conference. Recently, Labor Minister Jose Ramon Rivero announced that the UNT, and not the CTV, would field representatives to Geneva, arguing that the UNT represents the majority of Venezuelan workers.

[1](#)3. (C) Froilan Barrios, a member of the CTV's Executive Committee, told poloff May 18 that the UNT, confident of BRV support, simply backed out of its commitment to the

previously agreed rotation and is now preparing to send some 30 of its own leaders to Geneva. Barrios noted that Cova will still attend, as he has for the last five years, as an international union delegate rather than as a member of the Venezuelan delegation. The CTV plans to appeal to the Credentials Committee at the International Labor Conference to be seated in lieu of the UNT representatives. The CTV is also planning to try to raise Venezuela as a case for consideration by the Governing Body's Committee on Freedom of Association. Poloff has asked to meet with officials at the Ministry of Popular Power for Labor to hear their perspective, but they have not responded.

¶4. (C) Barrios said the CTV will raise three concerns about union autonomy in Venezuela. First, the CTV will highlight President Chavez' public remarks attacking union autonomy in recent speeches (Refs A and B). Second, the CTV will convey complaints that the BRV is coercing union workers to join Chavez' single "revolutionary" party, the United Socialist Party of Venezuela (PSUV) (Ref C). Third, the CTV will highlight concerns that a draft law to establish "workers' councils" is a government effort to replace autonomous trade unions with government-formed and -controlled worker bodies in virtually all public and private places of employment. According to a CTV think tank's copy of the draft law, workers' councils would have many of the same functions as unions, while at the same time becoming political tools of the state. With respect to the latter, preventing work stoppages with "speculative, destabilizing, and political goals" would be among their responsibilities.

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Trade Unionism In Decline

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¶5. (C) Reflecting on the CTV's future, Barrios conceded Venezuela's once powerful labor confederation is struggling for survival. He estimated the number of active members at 400,000, down from some 1.3 million at the beginning of the decade. Independent labor analyst Rolando Diaz estimates the number of dues-paying CTV members at 200,000. Diaz told poloff May 22 that the pro-Chavez UNT remains deeply divided and probably has even fewer members than the CTV. Diaz believes Venezuela's trade union movement is at its weakest point in modern memory. He noted that even UNT leaders are alarmed at Chavez' plans to create "workers' councils" that would assume the normal responsibilities of trade unions. Barrios reported that while the CTV and UNT do not have an institutional dialogue, leaders from both confederations have been in personal contact regarding the growing BRV threat to union autonomy.

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Oil Workers on the Defensive

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¶6. (C) Union workers in the petroleum sector have been working without a new collective bargaining agreement since January. The BRV reportedly declined to negotiate an agreement until the three major oil unions merged, while dangling the promise of a generous deal after the merger. CTV Executive Committee member Froilan Barrios believes that if the BRV can force unions to merge, it will also be able to impose terms of an agreement when it chooses to do so. Local media reported May 22 that state oil company PDVSA opened negotiations on a 2007-2009 contract with the recently created Single Federation of Energy Workers of Venezuela (Futev), the pro-government fusion of the three biggest unions in the petroleum sector. Nevertheless, PDVSA may confront labor difficulties in two areas, according to Barrios. Contract employees, who have little leverage now and little to lose, may try to organize job actions. Moreover, Barrios noted that more and more of the most-skilled oil workers are starting to leave PDVSA and seek

better economic opportunities abroad.

17. (C) The BRV's taking majority control over all the strategic associations in the oil-rich Orinoco Belt on May 1 is also having a negative impact on Venezuelan oil workers. These union employees generally enjoyed better salaries and benefits when multinational firms had majority control over the four largest strategic associations. PDVSA cut some workers salaries by up to 50 percent of their salaries when PDVSA took over production facilities May 1, according to Barrios. Workers were also suddenly excluded from company cafeterias, although PDVSA accommodated the oil workers after the embarrassing change reached the local media. A PDVSA contract negotiator also told the media that contractors may try to fire some 600 workers in the wake of the May 1 change in control of the strategic associations. As noted in Ref D, PDVSA is culling politically "suspect" employees from the associations, just as it did in the joint ventures formed from the former operating service agreement fields. It has also told employees that they must migrate to new joint ventures or face blacklisting.

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Comment  
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18. (C) President Chavez' "socialist revolution" is intentionally undermining Venezuela's already weak trade union movement as well as creating new structures that would facilitate greater state/party control over workers. Consistent with his centralized, authoritarian vision, Chavez is uncomfortable with independent civil society. Chavez continues to promote a "workers' front" within his new PSUV party and the creation of "workers' councils" at the expense of traditional trade unions. And as the BRV asserts greater control over the economy, including pro-Chavez unions, including in the energy sector, workers are being asked to accept less and give more in support of the "revolution." PDVSA, for example, is reportedly trying to introduce a provision by which 0.5 percent of oil workers' daily salaries would go to BRV-controlled social funds to be shared with

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local communities. Functioning unions associated with the opposition CTV and pro-Chavez UNT still exist, but they are out of sync with a government seeking to impose a model of political control on union workers.

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